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## France

### Poultry and Products

## French Response to Discovery of AI in a Commercial Farm

**2006**

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**Report Highlights:**

Following the discovery of the H5N1 Avian Influenza (AI) virus in late February on a commercial poultry farm in the Ain district, 49 countries placed partial or complete bans on French poultry imports, domestic poultry consumption dropped more than 30 percent, poultry prices have fallen domestically and overseas and hatcheries have begun voluntarily destroying some production. French poultry companies estimate that their losses could exceed tens of millions of euros in 2006.

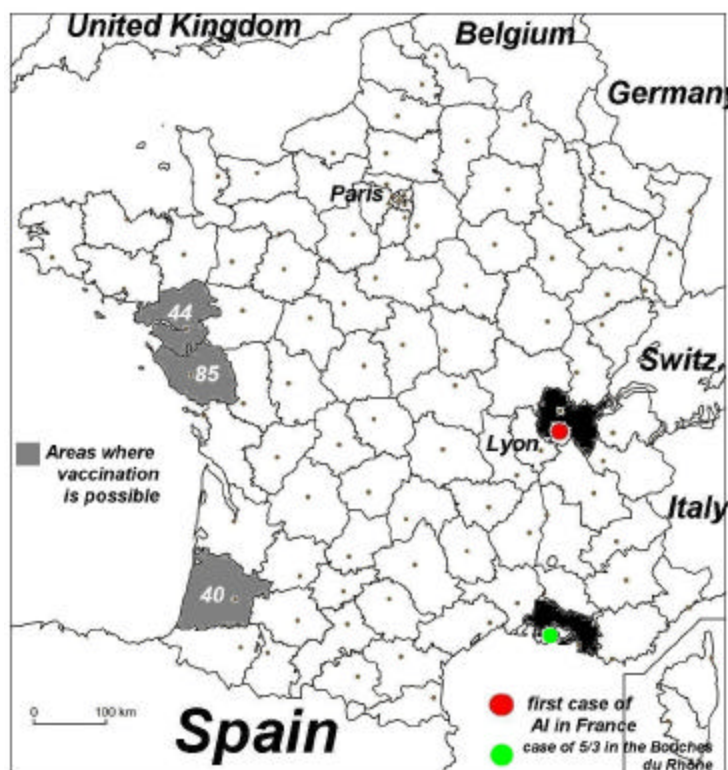
The French Government has raised over €60 million to help poultry farmers and poultry companies. In the meantime, more infected wild birds have been found dead in the Ain district and more recently an infected swan was found in the Bouches du Rhône district, close to Marseille.

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Paris [FR1]  
[FR]

On March 5th, the Ministry of Agriculture confirmed that France had additional cases of highly pathogenic H5N1 AI virus in wildfowl near the city of Saint Mittre les Remparts in the Bouches du Rhône district, close to Marseille, and in the Ain district, near the Swiss border. This followed the announcement on February 25<sup>th</sup> that France was the first EU country to find AI in a commercial flock. The origin of the outbreak on the commercial farm remains unknown. French veterinary services hypothesize that either journalists brought the virus from the site of an infected wild bird to the farm on their shoes or, that straw stored outside was contaminated with droppings from infected wild birds and was subsequently passed to the commercial flock when the straw was spread in the poultry houses. 11,300 turkeys were destroyed as a control measure.

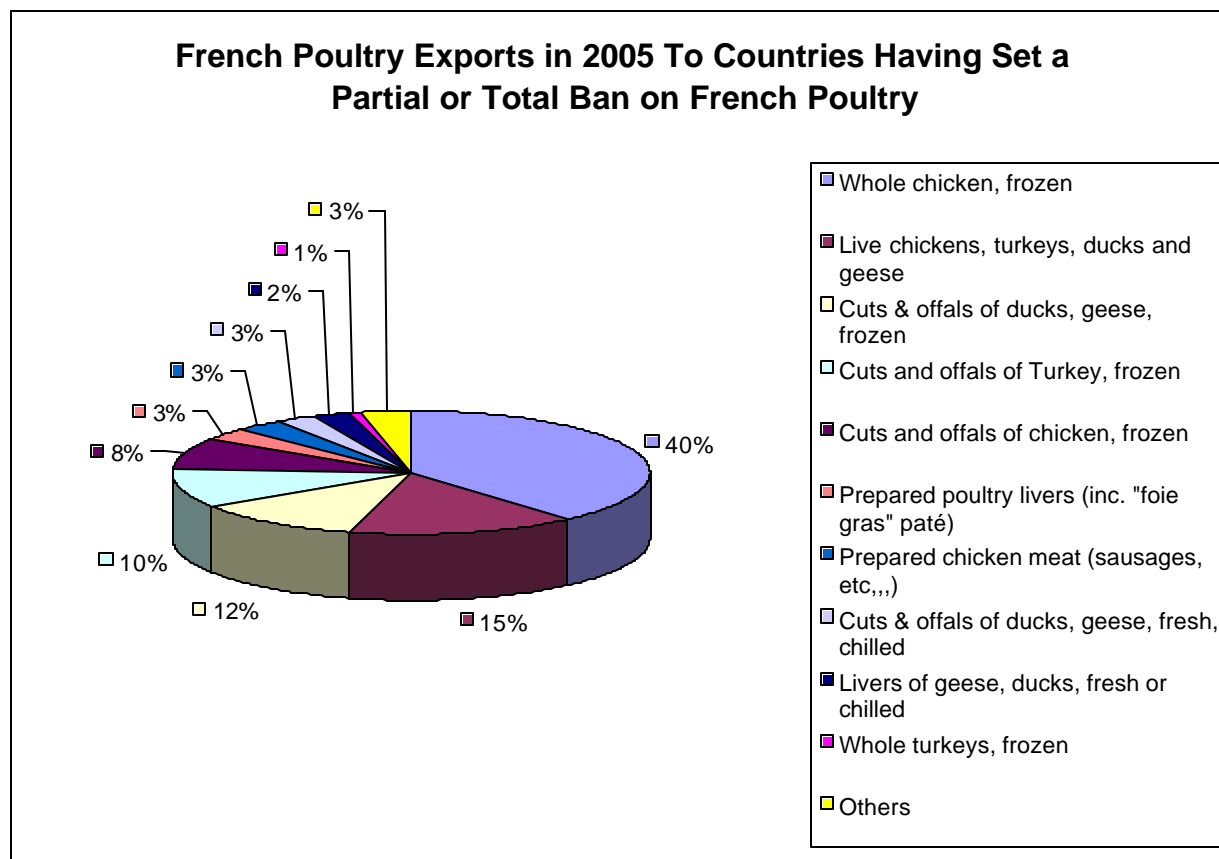
In an effort to combat the spread of AI from wild birds to commercial flocks, France has recently adopted several preventive measures, including requiring that all commercial birds be kept inside, and in areas of potential vulnerability to contamination from migratory birds where it is impractical to house these flocks due to a lack of buildings, implementing a plan for preventive vaccination. (See GAIN report FR 6013). Reportedly, few farmers in the Landes District have vaccinated their birds, to date. Some farmers and poultry processors expressed concerns that they would have difficulty selling the meat from vaccinated birds, especially abroad. According to Commission Decision 2006/148/EC, dated February 24, 2006, France may not export any vaccinated live poultry, or hatching eggs and day-old chicks originating from vaccinated poultry. All intra-EU trade for consignments of live poultry, day-old chicks and hatching eggs must be accompanied by a health certificate stating that the consignment originated from holdings where no vaccination against avian influenza had been carried out.



Close to fifty countries in the international community, to date, including the United States, have reacted to France's confirmation of AI with partial or complete bans on imports of live poultry and poultry meat and products from France. Christine Lagarde, French Minister of Trade, publicly praised the United States for setting a temporary ban on the importation of poultry and commercial shipments of live birds, hatching eggs, and unprocessed avian products only from the affected Department of Ain and encouraged other countries to take a similar approach in line with OIE guidelines. (However, most bans announced to date are more global in scope.) The U.S. ban will have no impact on the French poultry industry as no meat and poultry products are exported from this region to the U.S. France is

expected to take export losses as a result of these bans, as France exported about \$218 million dollars of poultry products to banning countries in 2005. The French Ministry of Trade estimates that about 14 percent of total poultry meat exports and 10 percent of total live birds exports will be affected by the ban. So far, Saudi-Arabia, the largest non-EU customer

of French poultry meat, has not placed any ban on French products, but, trade contacts reported that Saudi orders for French poultry in the first two months of 2006 were 20 percent below their level of 2005.



### Impact on the Industry

Reaction to the discovery of AI in commercial flock rippled swiftly throughout the industry. Domestic poultry consumption experienced immediate and significant declines, according to various sources, in excess of 30 percent since February 2006, which has negatively affected French poultry prices. In response, French poultry exporters are aggressively pricing their products in some EU markets, such as the United Kingdom, which, in turn, continues downward pressure on prices in the domestic French market. According to the French Poultry Technical Institute (ITAVI), commercial stocks of poultry meat at the end of 2005 were 76 percent higher (at 21,200 MT) than in 2004.

To minimize losses, which could exceed tens of millions of Euros in 2006, due to lower sales and inflated stocks, poultry producers and slaughterhouses have recently implemented measures to reduce costs. These measures include: not renewing temporary and interim work contracts (which amounts to several thousand people throughout France); and putting some workers on technical unemployment, which allows workers suffering from a temporary loss of income (i.e. not being paid by their employers due to technical or economic

difficulties) to claim partial unemployment benefits from the Government; and asking farmers to increase the time between flocks from the average 2 to 3 weeks to 5 to 9 weeks. Hatching eggs producers and hatcheries are currently voluntarily destroying about one-fifth of their production.

### **French Government Reaction**

The French Government has responded to the financial entreaties of the poultry sector by providing €63 million for their financial assistance, earmarking more than €20 million for poultry farmers and €30 million for poultry companies. In addition, the French Government will fund a €2 million TV advertising campaign to support the purchase and consumption of poultry meat. France notified the European Commission of these subsidies in order to avoid contravening EU internal market regulations. So far, EU Agricultural Commissioner Mariann Fischer Boel has ruled out an EU intervention to sustain European poultry markets.

On March 4<sup>th</sup>, the Ministry of Agriculture announced the following assistance measures:

- An immediate cash advance of €1,000 to €2,000 for all specialized poultry farmers (i.e. more than 25 percent of their income is from producing poultry). Their losses between November 1<sup>st</sup> 2005 and April 30, 2006 could also be compensated.
- Extra compensation to poultry farmers within the quarantine district of Ain.
- Supplemental support for free-range poultry farmers, no details provided yet. (Free-range conditions are now prohibited in France so these farmers lose their premium.)
- Social tax reductions for young poultry producers.
- Tax rebates for poultry companies.

More subsidy announcements are expected shortly.